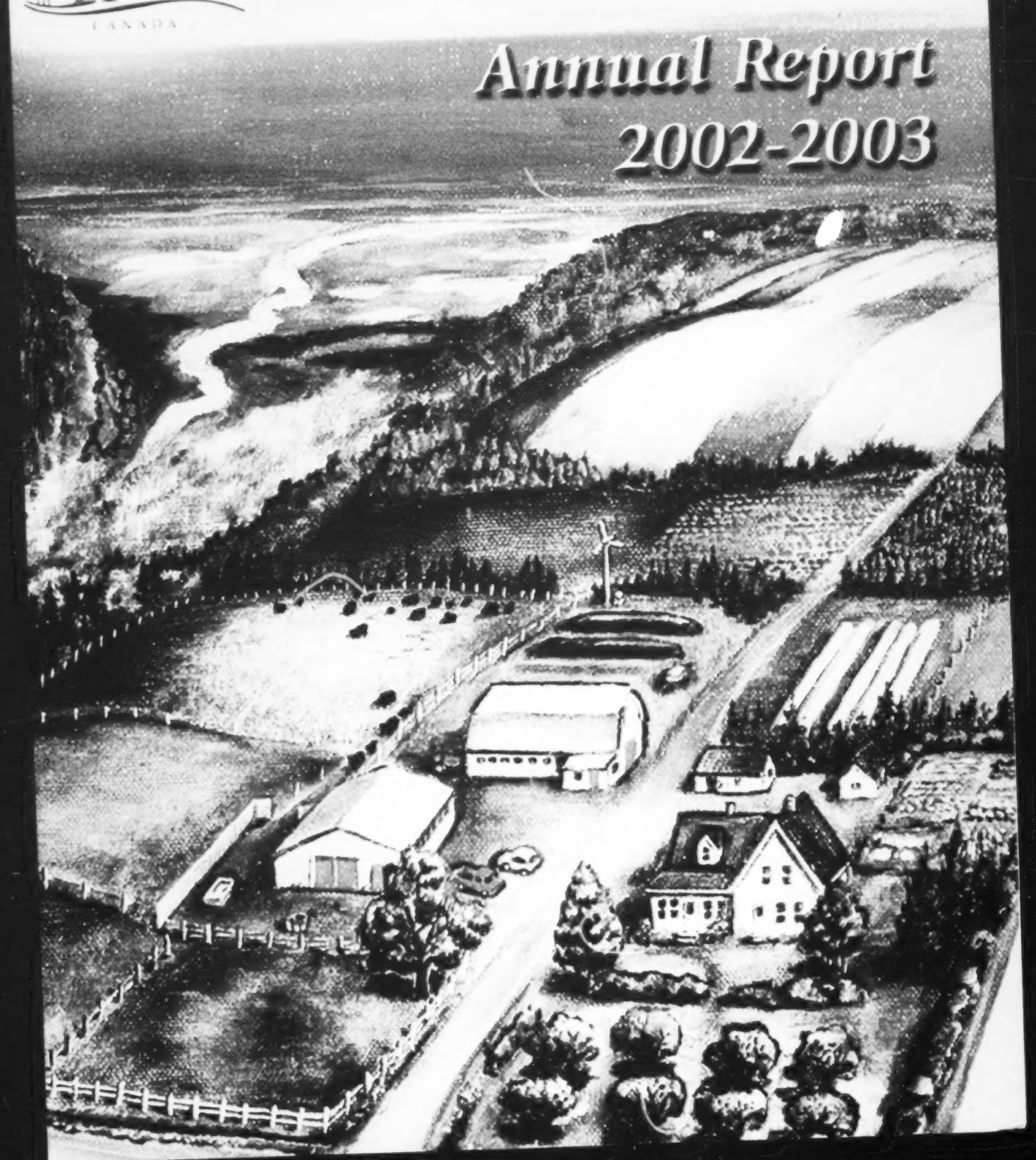
Prince Edward Island
CANADA

Agriculture and Forestry

Annual Report 2002-2003



Prince Edward Island Department of Agriculture and Forestry

Annual Report

2002-2003

The mandate for the department is "to contribute to economic and community development throughout Prince Edward Island by promoting the continued operation and growth of successful, sustainable farming and forestry businesses, and promoting quality in Island primary products."

Mission

The areas in which it is critical for the Department of Agriculture and Forestry to have acceptable results are:

- Quality of advice, assistance and information to clients in:
  - production management
  - product quality
  - business and financial management
  - environmentally sustainable management practices
  - processing, marketing and business opportunities*
  - resource management and conflict resolution
  - occupational health and safety
  - industry leadership and organizational development
- Fairness, equatability and quality of department programs and services
- Client satisfaction
- Quality of monitoring of department results and client results
- Influence on decisions of other governments and agencies affecting department clients
- Cost effectiveness and the condition of the department's finances
- Impact on stability of primary resource sector income in response to market and environmental influences
- Impact of department programs and services on the quality of the environment and on the health and safety of people
- Quality of legislation and its enforcement
- State of Crown lands and assets
- Staff morale
- Occupational health, safety and welfare of staff
- Public satisfaction with the department
- Relationships with suppliers, contractors and other agencies

* Except to the extent that another agency is charged with specific responsibility.

Table of Contents

Message of the Minister 4

Deputy Minister's Overview 5

Tour d'horizon du sous-ministre 6

The Year in Review. 7

Bilan de l'année 8

Ministry of Agriculture and Forestry Acts 9

Department of Agriculture and Forestry Organizational Chart. 10

Introduction 11

Corporate and Financial Services Division 12

Strategic Planning and Measurement Division 19

Agricullture Resource Division. 21

Agriculture Policy and Regulatory Division 26

Forestry and Land Resource Modeling Division 28

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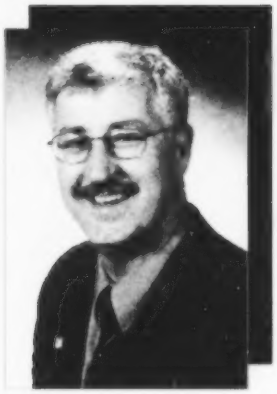
Message of the Minister



Prince Edward Island Department of Agriculture and Forestry
Charlottetown, 2003

To the Honourable Leonce Bernard
Lieutenant Governor of Prince Edward Island

Sir:
I have the honour to submit herewith the 2003 Annual Report of the Department of Agriculture and Forestry.

I have the honour to be, Sir,
Your obedient servant,

Mitch Murphy

Mitchell Murphy, Minister
Agriculture and Forestry

Deputy Minister's Overview

To the Honourable Mitch Murphy
Minister of Agriculture and Forestry

Sir:

I am pleased to submit this report of activities of the Department of Agriculture and Forestry for the fiscal year ending March 31, 2003, along with the year-end budget summary.

One of the highlights of the past year was the announcement of the new Sustainable Resources Policy in the Speech from the Throne at the opening of the fall session of the Legislative Assembly. This policy is aimed at charting the future direction of the agriculture, fisheries and forest industry on Prince Edward Island by forging a new relationship with the natural environment. The policy will recognize and reward sustainable production practices.

The policy builds on some previous initiatives undertaken by the department and industry, including the Sustainable Resources Conservation Program, through which industry and government have invested more than $12 million in on-farm conservation projects and by the completion of Environmental Farm Plans, in which Prince Edward Island producers are leading the rest of the country.

The Sustainable Resources Policy also underlines much of the strategic direction we are pursuing during negotiations with the federal government under the Agriculture Policy Framework. An agreement was signed during the past year, and we have been laying the groundwork for its implementation in program areas such as environmentally-responsible production practices, food safety and quality, and business risk management. A great deal of effort was expended by staff especially in the area of safety nets as we prepare for the next generation of programming.

Staff were also working closely with beef producers and other industry groups in preparing for the establishment of a regional beef processing facility. Prince Edward Island has been chosen to be the site of this new facility, and the provincial government will also be providing financial support.

During the past year, the department was also involved in the development of the Future Farmer program. This program has a number of components, including interest rate reductions and help in the development of business plans. Training and education is the foundation of the program. We recognize that increasingly, producers need more skills and knowledge to succeed.

Work continues on the State of the Forest report, which will be tabled in the spring session of the Legislature. The department has also announced the establishment of a Forest Enhancement Program which provides technical and financial assistance to woodlot owners for the development and implementation of management plans.

The department remains committed to providing quality advice, assistance and services to the agriculture and forestry industries in order to increase their contribution to the economy and to the health of rural communities.

Respectfully submitted,

John MacQuarrie
Deputy Minister

Tour d'horizon du sous-ministre

A Monsieur Mitch Murphy
Ministre de l'Agriculture et des Forêts

Monsieur :

J'ai l'honneur de vous soumettre le rapport des activités du ministère de l'Agriculture et des Forêts pour l'exercice se terminant le 31 mars 2003, ainsi que le sommaire budgétaire de fin d'année. Un des points saillants de l'année qui s'achève a été l'annonce de la nouvelle Politique des ressources durables au Discours du trône lors de l'ouverture de la session d'automne de l'Assemblée législative. Cette politique a pour objet d'organiser la nouvelle direction de l'industrie de l'agriculture, des pêches et des forêts à l'Île-du-Prince-Édouard en établissant un nouveau rapport avec l'environnement naturel. Elle reconnaît et récompense les pratiques agricoles durables.

La politique prend appui sur certaines initiatives précédentes entreprises par le ministère et l'industrie, notamment le Programme de conservation des ressources durables, dans lequel l'industrie et le gouvernement ont investi plus de 12 millions de dollars pour les projets de conservation en milieu agricole et l'exécution de leurs plans agro-environnementaux, et pour lequel les producteurs de l'Île-du-Prince-Édouard sont en tête par rapport au reste du pays.

La Politique des ressources durables souligne également l'essentiel de l'orientation stratégique que nous poursuivons durant les négociations avec le gouvernement fédéral dans le cadre de la politique agricole. Une entente a été signée au cours de l'année précédente, et nous avons préparé le terrain pour la mise en œuvre de programmes relatifs à des pratiques agricoles soucieuses de l'environnement, de la sécurité alimentaire, de la qualité, de la gestion des risques et des risques opérationnels. Le personnel a déployé des efforts considérables, spécialement dans le domaine du filet de la sécurité sociale, alors que nous nous préparons à la nouvelle génération de la programmation.

Aussi, le personnel travaillait étroitement avec les éleveurs de bovins et d'autres groupes industriels à préparer l'implantation d'un abattoir régional. On a choisi l'Île-du-Prince-Édouard comme site de ce nouvel établissement et le gouvernement provincial offrira également un appui financier.

Au cours de la dernière année, le ministère participait également au développement d'un programme destiné aux futurs agriculteurs. Ce programme a un certain nombre de composantes, incluant les réductions du taux d'int érêt et l'aide à la réalisation du plan d'affaires. La formation et l'éducation sont la base du programme. Nous reconnaissons que, de plus en plus, les producteurs ont davantage besoin de compétences et de connaissances pour réussir.

Le travail du rapport de l'état de la forêt se poursuit, lequel sera soumis au cours de la séance de printemps à l'Assemblée législative. Le ministère a également annoncé la mise sur pied d' un programme de mise en valeur des forêts qui offre de l'aide technique et financière aux propriétaires de terres à bois pour l'élaboration et la mise à exécution des plans de gestion.

Le ministère réitère son engagement à fournir des conseils de qualité, à offrir de l'aide et des services aux industries de l'agriculture et des forêts afin d'accroître sa contribution à l'économie et à la santé des collectivités rurales.

Le tout respectueusement soumis,

John MacQuarrie
Sous-ministre

The Year in Review

The Prince Edward Island agriculture industry saw the return of more normal weather conditions in 2002, following the drought of the previous summer. Growing conditions were relatively favourable, and, despite weakening hog prices in the latter part of the year, the livestock sector also showed a modest expansion.

Potato yields and quality were both good in 2002. Post-harvest testing of potatoes showed significantly lower levels of virus. Two further cases of potato wart were detected, along with one case of mop top virus. Extensive testing for potato wart continued in 2002; this year is expected to mark the end of the three-year program.

The dairy industry is discussing major changes which would see the Milk Board assume responsibilities for milk purchasing, allocation, transportation and quality. In response to lower hog prices, a bridge loan program has been established, and funding is also available for a depop-repop program to improve herd health standards. In the beef sector, the most significant development was the announcement of the establishment of a new beef plant in Prince Edward Island. In response to the anticipated increase in demand, funding support is available for feeder and cow-calf co-operatives.

A significant milestone was reached during the past year under the Food Strategy. FoodTrust of Prince Edward Island, the industry-led company which has the mandate to market Prince Edward Island branded food products, launched its first product late last year. Summerside Farms Pork, produced under a standardized protocol, is being distributed in Co-op stores across the province.

Prince Edward Island has initiated the new Agricultural Policy Framework agreement, and expects to become a full signatory following further discussions.

In response to the need to improve the productivity and sustainability of the industry, financial and technical support was available once more for on-farm conservation projects. There was an increase in the number of producers who completed Environmental Farm Plans. Amendments were made to the buffer zone legislation which clarified and strengthened a number of requirements. Access by cattle to streams has all but been eliminated. A number of information meetings were held throughout the year on the new mandatory crop rotation legislation.

The Department of Agriculture and Forestry undertook a minor reorganization in the past year, which saw a realignment of some responsibilities among divisions.

A major new initiative was announced in the Throne Speech during the opening of the fall session of the Legislative Assembly. The Sustainable Resource Policy will chart the future direction of the agriculture, fisheries and forestry industry in the province. Some of its provisions include a review of current legislation to make it more enforceable; tax incentives to encourage more responsible production practices; the introduction of cross compliance as a condition of eligibility for programs; and the designation of Select Farms, operations that have developed and implemented a resource plan and which will be recognized and rewarded for their sustainable practices.

Work continues to help reduce pesticide use, evaluate higher-value rotational crops, identify alternative uses for conventional crops, and encourage greater diversity in the industry. Work has also been undertaken on an apprenticeship program as part of the new farmer initiative.

In forestry, the department established a new forest renewal program which provides financial and technical assistance for woodlot owners to develop and implement management plans for a variety of silviculture treatments.

The shipment of softwood pulpwood declined in 2002 but overall the total softwood harvest was up by 10 percent. The delivered value of all products was up by almost 16 percent over the previous year.

The 1990-2000 State of the Forest Report was completed during the year, and will be tabled during the 2003 spring session of the Legislature.

Bilan de l'année

Le secteur de l'agriculture de l'Île-du-Prince-Édouard a bénéficié de conditions météorologiques plus normales en 2002, par rapport à la sécheresse de l'été pré cédent. Les conditions de culture ont été relativement favorables et, malgré le déclin des prix du porc vers la fin de l'année, le secteur de l'élevage a également affiché une modeste croissance.

En ce qui concerne les pommes de terre, on a obtenu des rendements et des produits de bonne qualité en 2002. Les tests menés sur les pommes de terre après la récolte ont révélé des niveaux nettement inférieurs de présence de virus. Deux autres cas de galle verruqueuse ont été relevés, ainsi qu'un cas de virus du sommet touffu de la pomme de terre. On a continué de faire des tests poussés en 2002 afin de détecter les cas de galle verruqueuse; cette année devrait marquer la fin du programme triennal.

L'industrie laitière discute de changements de taille selon lesquels le PEI Milk Marketing Board assumerait les responsabilités liées à l'achat, à l'affectation, au transport et à l'évaluation de la qualité du lait. En réponse à la faiblesse des prix du porc, on a établi un programme de prêt-relais, et il est aussi possible d'obtenir du financement pour un programme d'abattage intégral et de repeuplement visant à hausser les niveaux de santé des troupeaux. Dans le secteur de l'élevage bovin, l'événement le plus marquant a é té l'annonce de l'établissement d'une nouvelle installation d'abattage à l'Î le-du-Prince-Édouard. En réponse à la hausse attendue de la demande, un soutien financier est offert aux engraisseurs et aux coopératives de naissage.

Un jalon important de la stratégie alimentaire a été franchi au cours de la dernière année. La FoodTrust of Prince Edward Island, société menée par le secteur et dont le mandat est de commercialiser les produits alimentaires de marque de l'Île-du-Prince-Édouard, a lancé son premier produit à la fin de l'an dernier. Le porc de Summerside Farms, produit en application d'un protocole normalisé, est distribué dans des coopératives à l'échelle de la province.

L'Île-du-Prince-Édouard a amorcé le travail lié au Cadre stratégique pour l'agriculture et s'attend à en être un signataire à part entière une fois les discussions terminées.

En réponse à la nécessité d'améliorer la productivité et la durabilité du secteur, on a encore une fois offert du soutien financier et technique pour les projets de conservation dans les fermes. Le nombre de producteurs ayant é tabli des plans environnementaux en agriculture (Environmental Farm Plans) a augmenté. On a modifie les dispositions des textes de loi visant les zones tampons de manière à éclaircir et à renforcer un certain nombre d'exigences. On a pratiquement éliminé l'accès du bétail aux cours d'eau. On a tenu un certain nombre de réunions d'information au cours de l'année au sujet des nouvelles dispositions législatives visant la rotation obligatoire des cultures.

Au cours de l'année dernière, le ministère de l'Agriculture et des Forêts s'est soumis à une réorganisation mineure qui a mené à une nouvelle répartition de certaines responsabilités entre les divisions.

Une nouvelle initiative de taille a été annoncée dans le discours du Trône, à l'inauguration de la session d'automne de l'Assemblée législative. La politique de gestion durable des ressources (Sustainable Resource Policy) servira à donner une direction aux secteurs de l'agriculture, des pêches et des forests de la province. Elle prévoit notamment un examen des textes de loi actuels visant à les rendre plus exécutoires; des stimulants fiscaux qui encourageront des pratiques de production plus responsables; l' adoption de l'éco-conditionnalité, selon laquelle l'admissibilité aux programmes est subordonnée à des critères environnementaux; et la désignation de fermes choisies (Select Farms), exploitations qui auront établi et mis en oeuvre un plan de ressources et qui seront reconnues et récompensées pour leurs pratiques durables.

On continue de travailler à réduire le recours aux pesticides, d'évaluer les cultures alternées de valeur supérieure, de déterminer d'autres usages des cultures classiques et d'encourager plus de diversité au sein de l'industrie. On a également commencé à travailler à un programme d'apprentissage dans le cadre de l'initiative visant les nouveaux agriculteurs.

En ce qui concerne les forêts, le ministè re a établi un nouveau programme de régénération qui prévoit une aide financière et technique visant à encourager les propriétaires de boisés de fermes à concevoir et à mettre en oeuvre des plans de gestion pour divers modes de traitement.

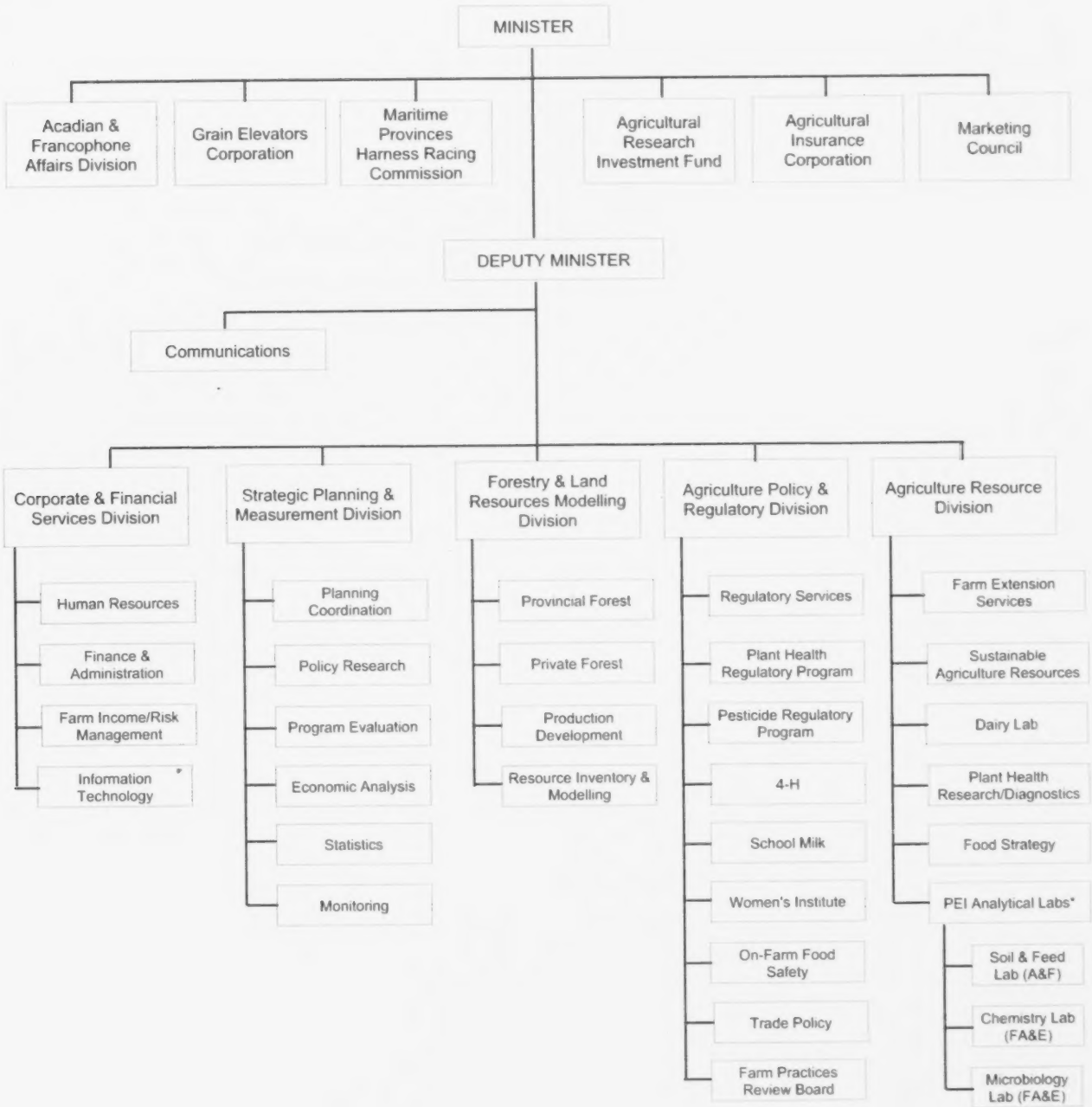
L'expédition de bois à pâte a diminué en 2002, mais la coupe de bois résineux a augmenté de dix pour cent. La valeur à la livraison de tous les produits a été de près de 16 pour cent supérieure à celle de l'année précédente.

La rédaction du Rapport sur l'état des forLts de 1990-2000 s'est terminée au cours de l'année. Il sera déposé à la séance du printemps 2003 de l'Assemblée législative.

Ministry of Agriculture and Forestry Acts

Agricultural Crop Rotation Act
Agricultural Insurance Act
Agricultural Products Standards Act
Agrologist Act
Artificial Insemination Act
Animal Health and Protection Act
Natural Products Marketing Act
Commission Act
Companion Animal Protection Act
Dairy Industry Act
Dairy Producers Act
Dog Act
Farm Implement Act
Farm Machinery Dealers and Vendors Act
Farm Practices Act
Fences and Detention of Stray Livestock Act
Forest Management Act
Grain Elevators Corporation Act
Livestock Community Auction Sales Act
Maritime Provinces Harness Racing
Pesticides Control Act
Plant Health Act
Potato Lien Act (not yet proclaimed)
Poultry and Poultry Products Act
Public Forest Council Act
Veterinary Profession Act
Weed Control Act
Woman's Institute Act

Department of Agriculture and Forestry
Organizational Chart



* PEI Analytical Labs jointly administered by Dept. of Agriculture and Forestry and Dept. of Fisheries, Aquaculture and Environment

As of March 31, 2003

Introduction

During the 2002/03 fiscal year the department's expenditure budget had a net increase of $191,400 resulting from an approved special warrant increase of $588,000 and a decrease of $396,400 primarily related to government's Work Force Adjustment Program. The approved special warrant was in support of the Sustainable Resource Conservation Program (SRCP) which was fully offset by revenue from the Special Projects Fund.

2002-2003 Expenditures and Revenue

Division	Original Budget	Revised Budget	Actual Expenditure/ Revenue
EXPENDITURE BUDGET			
Corporate and Financial Services	$11,889,800	$10,844,300	$10,135,806
Strategic Planning and Measurement	$597,600	$471,900	$464,017
Forestry and Land Resource Modeling	$5,382,900	$5,605,900	$5,557,885
Agriculture Resource Division	$7,484,400	$8,183,900	$7,707,377
Agriculture Policy and Regulatory Division	$4,893,700	$5,333,800	$5,588,607
Total	$30,248,400	$30,439,800	$29,453,692
REVENUE BUDGET			
Corporate and Financial Services	$353,200	$353,200	$574,725
Strategic Planning and Measurement	$0	$0	$0
Forestry and Land Resource Modeling	$808,100	$808,100	$789,613
Agriculture Resource Division	$399,600	$987,600	$946,363
Agriculture Policy and Regulatory Division	$208,900	$208,900	$176,782
Total	$1,769,800	$2,357,800	$2,487,483
TOTAL NET	**$28,478,600**	**$28,082,000**	**$26,966,209**

Based on Financial Reports of August 18, 2003

Corporate and Financial Services Division

The Corporate and Financial Services Division provides financial, human resource, information technology (IT), and administrative services to departmental personnel in the areas of:

- financial management
- corporate IT management
- personnel administration
- human resource development
- administrative support services

Agriculture business risk management programs are also administered by the Farm Income Risk Management section of the division.

Human Resources, Finance and Administration Section

Early in this fiscal year, the department experienced the retirement of eleven (11) long-time employees and a subsequent loss of some positions within the department through the implementation of the government-wide Workforce Adjustment Program. As a result, some positions were re-filled while others were abolished and responsibilities of retirees were reassigned within work units. The number of divisions within the department was reduced from six (6) to five (5). The Regulatory and Lab Services Division was disbanded and its functions were assumed by two newly named divisions–the Agriculture Resource Division and the Agriculture Policy and Regulatory Division.

The rate of recruitment activities increased significantly from the previous year as the department attempted to address staffing needs for implementation of the Sustainable Resource Policy which outlines the department's major strategic direction. Also, the realignment of duties and functions as a result of the Workforce Adjustment Program necessitated some staff movement. A total of five (5) permanent appointments were made while forty-six (46) employees participated in secondment/temporary assignment opportunities or in acting capacities for short periods of time.

The department continued its commitment to employee development in order to meet organizational, staff, and client needs in a professional and timely manner. Financial resources were allocated for preparatory training and the writing of exams for Farm Extension Services (FES) staff engaged in obtaining designation as a Certified Crop Advisor. This professional certification program provides a base level of standard through testing and continuing education and the department significantly increased its cadre of staff with this designation.

The directors, middle management leaders, and staff from various other levels of the department were actively engaged in the Corporate Program and Human Resource Planning exercise that was initiated during the past year. The development of a departmental human resource plan is well underway for submission to the Public Service Commission and Treasury Board.

Staff Mobility

DIVISION	APPOINTMENTS	TEMPORARY ASSIGNMENTS /ACTING	RETIREMENT/ RESIGNATIONS/ PERSONAL LEAVE	RECLASSIFICATION	TOTAL
Corporate and Financial Services	2	6	2	1	11
Strategic Planning and Measurement	0	0	1	0	1
Agriculture Resource	1	18	4	3	26
Forestry and Land Resource Modelling	2	16	1	0	19
Agriculture Policy and Regulatory	0	6	2	1	9
TOTAL	5	46	10	5	66

POSITION ESTABLISHMENT (as of March 31, 2003)

	Full Time	Part Time	Total
Minister's Office	5	0	5
Corporate and Financial Services	23	4	27
Strategic Planning and Measurement	6	0	6
Agriculture Resource Division	58	3	61
Forestry and Land Resource Modelling	30	32	62
Agriculture Policy and Regulatory Division	20	10	30
Total	142	49	191

In addition to the above established permanent positions, the department employed 132 casual employees and 17 students.

With the departure of the Administrative Services Officer on long-term personal leave, the formerly separate Finance and Administration units were combined under the single leadership of a Finance and Administrative Officer. This structural change was

implemented on a temporary basis during the absence of the Administrative Services Officer. This combined unit served the department's needs by providing advice, assistance and departmental co-ordination in the areas of budgeting, financial forecasting, accounts payable, accounts receivable, claiming activities under federal-provincial agreements, risk management, vehicle fleet management, telecommunications system administration, contract management and reporting requirements, accommodation requirements, records management activities, as well as the provision of reception and courier services. On-going support was also provided to departmental users of the ORACLE Financial Information System.

Farm Income Risk Management Section

The Farm Income Risk Management Section supports Prince Edward Island agriculture through the delivery and funding of agricultural safety net programs. The 2002/03 year was the third year of a three year federal/provincial framework agreement on agricultural risk management. This agreement includes a cost sharing formula in which the federal government contributes 1.5 times the provincial contribution, up to the maximum allowable within the federal safety net envelope. The package of programs, which is intended to assist in reducing the impact of unpredictable income reductions for individual farmers, consists of:

- Basic Net Income Stabilization Account (NISA)
- Crop Insurance Yield Guarantee Program
- Crop Insurance Bacterial Ring Rot Protection Plan
- Canadian Farm Income Program (CFIP) effective for the 2000, 2001 and 2002 claim years (including a companion program covering negative margins).

Funding was also provided for the following programs:

- Strawberry Blossom Damage Assistance Program
- Elite Seed Potato Quality Improvement Program

Results achieved in 2002/03

There is a continued need for effective agricultural safety net programs. Livestock commodity prices fluctuated and grain margins remained low, potato prices were good but market demand was low. The 2002 planting season was on time and there was almost ideal growing conditions over the summer and fall. The final result was a better than average yield of good quality potatoes. Low market demand, however, saw larger than normal potato inventories on hand in the spring of 2003. Persistent low demand may cause some of this inventory to be destroyed. Claims for yield losses in 2002 were the lowest in recent history for the Agricultural Insurance Corporation with a loss ratio of 0.24. This year followed the worst year in crop insurance history, 2001, with a loss ratio of 3.62. The low claims in 2002 allowed the corporation to re-establish reserves and reduce premium rates for 2003. These two years clearly show the uncertainty, risk level, and volatility in the agricultural industry.

The Spring Cash Advance program offered by Agriculture and Agri-Food Canada was continued. The demand for Canadian Farm Income Program increased significantly as many of the potato operations with losses in 2001 claimed for assistance. The Elite Seed Potato Quality Improvement Program was adjusted to include an 8.33 percent premium subsidy only, due to the high maximum virus tolerance allowed by the industry in the 2002 planted seed.

CROP INSURANCE PROGRAM Yield Guarantee						
Crop Year	Farms (#)	Contracts (#)	Acres (#)	Coverage ($)	Premiums ($)	Indemnities ($)
2002/03*	352	985	88,785	50,368,610	5,003,599	905,792
2001/02	291	980	72,639	42,964,609	2,938,440	10,640,171
2000/01	335	886	66,985	37,773,815	2,770,575	2,677,564
1999/00	194	477	45,627	35,853,391	2,188,217	2,519,035
1998/99	176	396	37,721	25,099,340	1,486,431	1,706,544
1997/98	151	344	26,665	23,969,615	2,171,834	822,607
1996/97	147	370	25,518	21,015,561	2,038,515	1,946,898
1995/96	163	379	24,037	23,730,283	2,212,617	1,482,610
1994/95	155	369	22,867	22,629,486	2,462,432	1,990,495

** Not all claims were settled by the end of the year.*

Note: The province and Canada each contribute 33.33 percent of the Crop Insurance Premiums

BACTERIAL RING ROT PROTECTION					
Year	Farms (#)	Potato Acres Insured	Insured Value ($)	Premiums ($)	Indemnities ($)
2002/03	14	4,481	682,242	34,112	48,000*
2001/02	10	3,433	461,358	23,068	0
2000/01	9	2,759	389,973	19,499	0
1999/00	12	3,578	505,286	25,264	0
1998/99	21	5,249	677,508	33,875	0
1997/98	21	3,659	614,950	30,071	0
1996/97	36	8,121	1,014,563	50,628	54,319
1995/96	52	11,214	1,424,432	71,243	0

Note: Prince Edward Island Department of Agriculture and Forestry contributed 33 percent of the Bacterial Ring Rot Protection Premiums

** One claim in 2002 - payment to be made in summer of 2003*

AIDA/CFIP INCOME DISASTER ASSISTANCE			
CLAIM YEAR	Qualifying Applicants	Average Payment per Applicant	Total Payments
CFIP - 2002 claim year	61	$68,697	$4,190,516
CFIP - 2001 claim year	337	$23,807	$8,022,906
CFIP - 2000 claim year	236	$31,307	$7,388,484
AIDA - 1999 claim year	246	$27,490	$6,762,715
AIDA - 1998 claim year	251	$25,040	$6,285,064

** Payments are cost shared 60 percent by Canada and 40 percent by Prince Edward Island and may be prorated if demand exceeds the budgeted amount. For the 1999 claim year Canada paid 59.92 percent.*

NET INCOME STABILIZATION ACCOUNT				
Year	(#)	Provincial Contribution ($)	Withdrawals by producers ($)	Account Balances ($)
2002/03	978	1,224,923*	12,325,505*	49,772,430*
2001/02	887	1,605,152	12,589,008	44,999,235
2000/01	888	2,686,024	10,885,480	47,634,097
1999/00	862	2,671,162	7,618,444	41,257,786
1998/99	816	2,331,105	8,795,028	33,846,019
1997/98	745	2,042,700	4,149,699	28,029,100
1996/97	707	1,873,700	1,476,727	19,523,000
1995/96	638	790,000	510,765	9,658,000

Provincial contribution is two percent of eligible net sales (one percent for 1994) plus our share of the interest bonus.

Note: Canada contributes two times the amount the province contributes to NISA annually.

** Estimates for the 2002/03*

STRAWBERRY BLOSSOM DAMAGE ASSISTANCE		
Applicants #	Average Payment	Total Amount
23	$2,980	$68,558

The province paid strawberry growers for losses to the 2002 strawberry production caused by a late frost on June 8, 2002.

ELITE SEED POTATO STRATEGY				
Program	**Applicants**	**Acres**	**Average Pmt**	**Total Amount**
2002 ESPQIP - CIP assistance[3]	25	3,024	$ 2,681	$ 67,034
2001 ESPQIP - CIP assistance[2] ESPQIP - /acre payment[1]	 68 40	 6,652 1,438	 $ 5,017 $21,574	 $341,155 $862,977
2000 Virus Reduction - CIP assistance Seed Incentive/acre	 108 39	 6,269 1,433	 $ 3,659 $22,056	 $395,164 $860,181

Notes:

[1] The per acre incentive was $600/acre for specified varieties and seed classes that were dead by August 12.

[2] CIP assistance is additional subsidy up to $75/acre for crop insurance premiums

[3] CIP assistance was 8.33 percent of total premiums which reduced the producer costs for the Elite Seed Plan from 33.33 percent to 25 percent

PEI CONTRIBUTIONS to SAFETY NET PROGRAMS				
Program	**1999/2000 Actual**	**2000-2001 Actual**	**2001-2002 Actual**	**2002-2003 Forecast**
NISA	$2,671,162	$2,686,024	$1,527,992	$1,561,948
CIP and BRRP	580,890	698,762	742,427	1,679,236
ARIF	300,000	600,000	400,000	200,000
AIDA	3,089,940	1,515,729	7,753	0
CFIP	0	139,288	3,353,348	4,197,588
Seed Strategy	0	502,138	481,653	67,034
Potato Diversion - Top up	0	0	1,248,712	0
Administration (gross)	521,956	565,191	517,184	659,000
TOTAL	**$7,163,948**	**$6,707,132**	**$8,279,069**	**$8,364,806**

The package of safety net programs and the funding method will change with the introduction of the Business Risk Management (BRM) section of the new Agricultural Policy Framework (APF). Crop Insurance and NISA will be the core programs for the new BRM and they will be funded on a demand basis. In addition, from 2003 until 2006, a transition period will allow for annual funding for companion programs with a three-year total federal commitment of $5.4M.

Information Technology Services Section

The mandate of the Information Technology Section is to assist the various divisions and sections of the department in sound information management and the delivery of programs and services to clients through efficient and cost effective mechanisms.

The past year has been very challenging for the IT web development staff. Internally, the Primary Resource Information System/Manager (PRISM) web site has undergone a major facelift. The site has a new and more consistent look and is easier to manage. New features and navigation have been introduced to enhance the site and make it an easy tool to use and a valuable central resource of information.

The department's external presence on the government's external web server, formally referred to as the Agriculture and Forestry Information Center (AFIC), is still undergoing major transformation. This project is a cooperative effort taken on by the department's entire web development staff, the agriculture information officers, and web development staff of the Department of Development and Technology. It is designed to bring better organization and easier access to information for farmers, foresters and the general public.

Traditional application development continues to be a cornerstone of the IT section's role in providing data management and program delivery tools.

Our primary Novell server provides services to employees at the fifth floor Jones Building, the Research Station and Upton Road Forestry Office through our local area network (LAN) while a separate server manages the Soil and Feed Lab. An additional 27 departmental computer systems were upgraded or replaced. Network services and connectivity are provided to approximately 190 workstations with the assistance of the government wide area network (WAN). Mini LANs in each office and high speed internet allow staff in the Dairy Lab, Potato Services, Farm Centre, Plant Health Lab and the Beach Grove, Wellington and Southampton Forestry offices convenient access to network services within the department and the rest of government.

Strategic Planning and Measurement Division

Strategic Planning and Measurement Division is responsible for planning, monitoring, research and analysis, policy development, and program evaluation. The division is committed to improving the quality of advice, assistance and information primarily to internal clients which includes the minister, the deputy minister and other department staff. External clients include staff from other provincial government departments, federal agricultural and forestry staff, industry organizations and the public.

Research and Analysis

Division staff have worked on a number of policy research and analysis projects related to departmental initiatives in agriculture and forestry. Staff participated in several federal-provincial working groups related to the Agriculture Framework Policy chapters, science and innovation, renewal and monitoring. Staff calculated crop insurance rates and reviewed the cost of processing milk on Prince Edward Island for processors.

Daily environment scanning of the broader trends impacting agriculture and forestry is a critical piece in the division's portfolio.

Planning and Evaluation

Staff facilitated strategic planning sessions with the strawberry and raspberry growers, Prince Edward Island Food and Beverage Association and the Stanley Bridge Watershed group. The department's corporate business plan was prepared by staff in the division. A program evaluation was conducted on negative margins for the Canadian Farm Income Program and a program evaluation framework was prepared for the Sustainable Resource Conservation Program.

Policy Development

The division, in conjunction with an interdepartmental task team, has provided research and analysis and facilitation services to staff working on the implementation of the Sustainable Resource Policy (SRP) which was announced in the November 2002 Throne Speech. The SRP has moved from being an initiative of the department to that of a government-wide policy with societal commitments and benefits. Measurable goals have been established through a combination of regulation, programs, and financial incentives for land owners to reduce pesticide use and risk, to reduce risk of water contamination, to improve and protect soil quality, increase organic acreage, improve forest quality and maintain the pastoral landscape. In conjunction with industry organizations and other provincial government departments, policy has been implemented around the SRP in the areas of cross compliance, select farm criteria, enhanced environmental farm plans, tax structure and resource land registration.

Staff presented a poster session on Sustainable Resource Policy at an agriculture conference in Truro.

Monitoring

The division, along with the Department of Fisheries, Aquaculture and Environment, undertook work toward producing a State of the Environment Report for the province. The report, which tracks progress on a number of environmental indicators, supports the monitoring requirements of the Sustainable Resource Policy.

Work continues on the monitoring of the corporate goals. The annual Staff Satisfaction Survey was conducted for the department's strategic planning initiatives. Financial reporting and analysis of the primary resource sector is ongoing and quarterly federal-provincial farm income forecast consultations are held. Prince Edward Island farm programs and government expenditures are reported for the compilation of the Farm Income and Financial Conditions Data Book prepared by Agriculture and Agri-Food Canada.

Agriculture Resource Division

Farm Extension Services Section

The primary focus of the Farm Extension Services (FES) section is on-farm agricultural extension, agricultural information management, and industry development. The section promotes a strong interaction among three staff units to provide a unified service to producers.

Agriculture Information Officers/Representatives

The unit provides clients with a first point-of-contact for information on commercial and general agriculture inquires. Over 2600 telephone requests were addressed during the year. Staff were responsible for responding to e-mail requests that were received through the government website. As farmers and the public continue to increase their use of the web as an information source, staff continued to improve and build upon the content of the department website - www.peifarm.ca. There were over 111,000 visitors to the site during the year.

The unit established an e-letter service to farmers and agribusiness. Every two weeks an e-mail was compiled that included links to articles of information, news and/or reports that are available on the Internet. The links included, but were not limited to, local, regional, national and international industry news, markets, research and development, innovation, farmer profiles, industry statistics, production and financial management information. Each e-letter was divided into categories of information by commodity. A computer tip, a link to information on the department web site, and an invitation for feedback and content ideas complete the e-letter. The purpose of the e-letter service was to increase knowledge for decision making through information delivered via e-letter, to introduce farmers via a 'push' method to using e-mail and the Internet, and to increase communication and information dissemination from the department to farmers via e-mail and Internet. The e-letter was e-mailed individually to almost 500 recipients (approximately 450 are farmers). The response has been very positive.

The staff also worked closely with staff from other units, sections and divisions assisting with the coordination of workshops, information sessions and special projects.

Industry Development Officers/Specialists

The unit consists of seven industry development officers/specialists, two technical staff and a supervisor. The commodities include: potato, dairy, beef, reduced input/organic, vegetable, berry crop, field crops, and farm management. Staff work closely with their corresponding commodity association or board to initiate industry development projects and action items from strategic plans. The specialists were involved in evaluation of new crops, conducted on-farm research and supported development of branded products. The unit has taken a lead role in developing diversification ideas which show potential on Prince Edward Island.

During the past year, a number of new projects were started including the Prince Edward Island Cow-Calf Loan Cooperative. This project was undertaken in cooperation with the Prince Edward Island Feeder Cooperative Ltd., and enables beef farmers to obtain financing from a lending institution by working together and pooling resources.

Assistance to farm families in succession planning was an important part of the service provided by the section, as was participation in industry-led dairy research and support for development activities related to organic production practices.

During the past year straw was evaluated as a source of energy for district heating. The use of field crops as a source of renewable energy (biofuel) has the potential to enhance the economic sustainability of crop rotations. As well, the production of fuel ethanol from Island cereal crops was also evaluated. Both proposals could reduce the amount of fossil fuels consumed on Prince Edward Island and assist in the province meeting greenhouse gas reduction targets as proposed in the Kyoto Protocol.

Twenty-five farmers participated in the Organic Certification Assistance Program. These financial incentives assisted certified and in-transition farmers with a portion of the cost associated with annual inspection and certification. The Organic Nutrient Management Program assisted 15 farmers with the costs associated with the purchase of allowable organic soil amendments and encouraged them to keep more complete soil fertility records.

The specialist group also conducted research and production demonstrations in potatoes, fruit crops, and feedlot management.

Extension Agrologists

Nine extension agrologists work out of district offices located in West Prince, Summerside, Charlottetown and Montague. Agrologists provide a strong one-on-one extension service to producers and collaborate with other staff and industry to develop and deliver commodity specific events at district, provincial, regional and national levels. Examples of agrologist activities include working with producer management clubs to coordinate their winter programs, assisting with delivery of the Advance Payment Program for Cereals, serving as the Island technical representative for the Canadian Quality Milk Program, hosting potato grower/industry information sessions on fish mortality, assisting the beef industry by acting as Feeder Loan Coop supervisors, and participating in nutrient management training courses to assist producers in this area. Workshops, information sessions and field days were hosted for Island producers in many commodity areas.

Agrologists are proactive in ensuring producers have the information needed to make informed decisions. Decision areas include: assisting producers with production and management issues; expansion options; identifying training needs; and farm succession. Agrologists are also involved in the development and promotion of departmental policies, programs and services; environmental farm plans; pesticide certification; and awareness and interpretation of environmental legislation.

Sustainable Food Development

This section is responsible for supporting sustainable food development initiatives including support to the FoodTrust of Prince Edward Island, support for new technology, and implementation of FarmNet.

FoodTrust was established in 2001 as a private, not-for-profit company governed by a board of directors representing a broad cross-section of the agri-food, fisheries and tourism sectors, from producers to processors and retailers. The establishment of an interactive web site and database management system will help support its marketing strategy and help efforts to expand sales of Prince Edward Island products.

The FarmNet project is meant to bring together the farmer, the information and tools, and the skills to turn information into knowledge and business advantage. The net in FarmNet is for networking - building the tools and delivery channels that work best to create a network of information. Information is the fastest growing commodity on most Canadian farms today. The same forces that are changing our business environment are changing how farm business is conducted, and agriculture is becoming a knowledge-intensive industry.

Exhibitions

The mandate of the Prince Edward Island Association of Exhibitions since 1977 has been "to embrace future growth and development by advancing the philosophy that all exhibitions and festivals are of equal status and importance with the common goal of attaining growth for all rather than being in competition with one another." The association operates independently and is supported financially by the department.

Sustainable Agriculture Resources

The Sustainable Agriculture Resources Section offers technical advice to farmers and landowners on soil conservation, integrated pest management, nutrient management, manure management and site-specific weather forecasting. This section is responsible for the Sustainable Resource Conservation Program (SRCP) which provides financial and technical assistance in specific program areas: soil conservation (strip cropping, terracing, grassed waterways); manure waste management; livestock fencing and alternate watering systems; planting hedgerows; fuel and pesticide storage; milkhouse waste management; deadstock composting; nutrient management planning; and Integrated Pest Management for potatoes.

Sustainable Resource Conservation Program		
Completed Projects	**Number of Projects**	**Dollars Spent**
Manure Storage	23	$551,133
Soil Conservation	39	$195,127
Hedgerows	6	$5,923
Fencing and Watering	93	$434,807
Fuel Storage	31	$72,822
Pesticide Storage	2	$20,275
Milkhouse Waste	7	$13,043
Deadstock Composting	-	-
Integrated Pest Management Protocol for Potatoes	30	$71,400
Nutrient Management Plans	56	$53,105
Totals	**287**	**$1,417,635**

The department has placed an increased emphasis on nutrient management planning due to increasing nitrate levels in groundwater and nutrient enrichment problems in

watercourses. A nutrient management component was offered as part of the Sustainable Resource Conservation Program. Fifty-six applicants completed nutrient management balance sheets under the program which involved approximately 11,000 acres of agricultural land. Nutrient management workshops were held in both Charlottetown and Summerside throughout December with 75 producers attending. An Atlantic Task Group was established as part of the increased demand for nutrient management planning in the region. As a result, the first Atlantic-based nutrient management training course was offered in March 2003 at the Nova Scotia Agricultural College in Truro, Nova Scotia The course serves as the foundation for Nutrient Management certification in the region.

The Agricultural Crop Rotation Act (ACRA) was proclaimed in the spring of 2002. Soil conservation staff promoted and provided technical support to ensure that producers were aware of ACRA legislation requirements. Staff have conducted numerous training events to educate department extension staff so that they could assist land owners in developing management plans. Preliminary conservation plans were developed for hundreds of properties for which land owners wished to meet the requirements of the legislation by matching their management to the topography on their fields. Land owners constructed erosion control structures and/or established strip cropping on 3500 acres in 2002.

With respect to Integrated Pest Management, a comprehensive Integrated Pest Management (IPM) manual for potato production was developed and will be available to growers for the 2003 growing season. Under the Sustainable Resources Conservation Program (SRCP) a new incentive offered potato producers an opportunity to obtain an advanced Integrated Pest Management designation. Thirty producers met the requirements of the protocol and received funding. The Pesticide Reduction Pilot Program (PRPP) was continued in 2002 and financial incentives were offered to 16 farms to demonstrate options for reducing the use of pesticides in commercial agriculture. The Pest Management Regulatory Agency (PMRA) has agreed to work with Prince Edward Island and New Brunswick on a commodity-based risk reduction strategy for potatoes to reduce the risk of future fish kills. The first step is to develop a crop profile for the region. The department restricted the use of Azinphos Methyl in August of 2002 because of its implication in a number of fish kills over the previous five years.

The farm weather forecast was offered to 75 producers and interested government and agribusinesses again in 2002. Five weather stations were used to provide a specific forecast in three hour increments. Subscribers to the service also received updates on the blight severity index. The weather monitoring network was also used in Integrated Pest Management projects.

Department representatives continued to work with other government representatives, industry associations and other non-government organizations to provide technical and financial support for farms with the specific objective of eliminating livestock access to watercourses by 2003.

Sustainable Agriculture staff continued to provide technical advice on irrigation for crop production. They also continued to provide technical advice to support industry initiatives such as Environmental Farm Planning. They have made a key contribution to the Soil Quality Monitoring project. Staff continue to respond to public concerns about farming practices and animal welfare.

Dairy Laboratory

The dairy laboratory is responsible for enforcement of the Dairy Industry Act. During this fiscal year 317 dairy farm inspections were conducted, 168 re-inspections were carried out and 451 on-farm quality calls were made by inspection staff. In addition, ten licensed milk processing plans were inspected with follow-up inspections as required.

Plant Health Research and Diagnostics Laboratory Section

The major focus of the laboratory continues to be the potato industry. The diagnostics laboratory processed 360 plant samples this year. The aphid alert program was expanded to serve 85 producers, associated producer groups and experimenters. Over 200 samples were processed as part of the beehive health monitoring program.

The section has also increased its research effort to develop monitoring systems that measure the microbial health and quality of soils across the province. A variety of research studies is underway to evaluate sustainable crop production systems that utilize organic foliar and soil amendments. These include the use of 'compost teas,' 'seaweed extracts' and 'seafood/crab shell-based composts' in potato production. Microbiological research has categorized a variety of new plant growth-promoting and disease-suppressive bacteria in soils. Experiments to evaluate the use of border crops as a method to reduce the transmission of aphid-borne viruses within fields were carried out. Research is also being undertaken to evaluate garlic sprays as a natural aphid repellant.

Prince Edward Island Analytical Laboratories

As of early 2003, the Microbiology and Water Chemistry Laboratories (Department of Fisheries, Aquaculture and Environment) has amalgamated with the Soil and Feed Laboratory (Department of Agriculture and Forestry) in forming the Prince Edward Island Analytical Laboratories. This reorganization will enable staff to increase the range and quality of the analytical services that is provided to clients.

The Prince Edward Island Analytical Laboratories continue to participate in quality control programs with:

- National Forage Testing Association (NFTA) - forage samples
- North American Proficiency Testing Program (NAPT) - soil and plant tissue samples
- Association of American Feed Control Officials (AAFCO) - feed samples
- Compost Analysis Proficiency Program (CAP)
- Manure Testing Program through Minnesota Department of Agriculture

The Standards Council of Canada has accredited the feed program in the laboratories, which continues to rank among the top laboratories in North America for proficiency analyses. This year the lab processed over 19,000 samples and generated revenue in excess of $160,000.

Agriculture Policy and Regulatory Division

The Agriculture Policy and Regulatory Division has a wide ranging mandate which includes federal-provincial agricultural policy and trade issues, administration of industry development programs, on-farm food safety, plant health, Marketing Council, and supply and non-supply managed commodity liaison.

The Agriculture Policy and Regulatory Division works in partnership with general agriculture and agri-food organizations, provincial commodity organizations and educational institutions in the development and implementation of industry-led strategies that address short and long term critical issues and create wealth for the agri-food sector in a sustainable fashion. Contained within the division are the Regulatory Services section and the Plant Health section, as well as the Marketing Council.

Agricultural Policy Framework

The division has been structured in part to work closely with federal government counterparts toward the development and implementation of a new agricultural policy framework for Canada. The new Agricultural Policy Framework (APF) agreement has a goal of securing the long term prosperity and success of the agricultural and agri-food sector by being the world leader in food safety, innovation and environmentally responsible production.

Food Safety

In support of the Agricultural Policy Framework and the Prince Edward Island Food Strategy, the division provided the lead role in the on-farm food safety component. The division has played a key role in the development of the food safety chapter as part of the Agricultural Policy Framework.

Working with local industry and commodity groups, the division has supported the development and implementation of industry-led, national commodity food safety and quality programs.

In partnership with the Food and Beverage Processing Association, the division assisted in organizing food safety training sessions for producers of agricultural products.

Harness Racing

Division staff also assisted the Prince Edward Island Harness Racing Industry Association in the development and implementation of a five-year strategic plan. This plan identifies the required actions to help sustain the sector, and provides a long term blueprint for industry growth.

The Atlantic Breeders Crown was again hosted by Prince Edward Island in October. Excellent crowds and wager resulted from the event, which also recognized the long term involvement of various harness racing families, the storied history of Maritime harness racing, and the success of the regional breeding industry.

Prince Edward Island was also awarded a leg of the World Driving Championships for the first time in history. This event will be held in July of 2003 and feature drivers

representing ten different countries in competition.

Regulatory Services Program

The Regulatory Services Section provides for the administration and enforcement of fourteen of the statutes assigned to the department. Staff were also responsible for the legislative initiatives of the department.

Community Pastures

The privatization of the community pastures lands continued during the year. Five individual community pasture associations have signed the management agreements with the remaining two groups expected to sign soon.

Marketing Council

A new national agreement on chickens was signed during the year. Negotiations were also initiated with respect to a new national agreement for eggs. Marketing Council continued to fulfill its legislative mandate to supervise provincial commodity groups and boards. In addition, Marketing Council worked closely with other supervisory boards, agencies, and producers on issues of mutual importance.

Plant Health

The Plant Health Act and potato regulations involve such issues as planting audits, transport vehicle disinfection and post-harvest virus testing. Division staff are involved with disinfection service calls, inspection and audit activities in support of cull potato disposal and planting standards, sample collections of post-harvest virus testing, and permits for the planting of potatoes originating outside the province.

Forestry and Land Resource Modeling Division

The Forestry and Resource Land Modeling Division manages some 18,900 hectares of public forest land through the Provincial Forest program, and provides advice and assistance to land owners to help them improve the productivity and economic returns generated by their forests, increase the environmental friendliness of farm and forestry operations, and provide forest inventory and land use information services. The division's primary clients include woodlot owners, those using Provincial Forest lands, and those interested in learning about forests. Other clients include the public and visitors who derive many benefits from forests, as well as forest contractors, wood products manufacturers, other forest resource users, and conservation groups.

Support is also offered through the production of tree seedlings for reforestation programs on private and Provincial Forest lands, special planting such as riparian zone, hedgerows, community nurseries and Christmas trees, and forest inventory and tree improvement programs. Forest fire suppression on private and public lands is also the responsibility of the Forestry and Land Resource Modeling Division.

After many years of service, two prominent staff members left the division in 2002/03. Jerry Gavin, who had been the division's director since 1988, left for a position with Health and Social Services. Keith Haight, who had been the Eastern Forest District's Provincial Forest Senior Technician, retired after 32 years of service to the Island's forest community.

Private Land Programs

The majority (88 percent) of Prince Edward Island forest land is owned and controlled by private woodlot owners. The department has a number of programs and initiatives designed to help land owners manage their forest lands for a wide range of values.

Forest Enhancement Program

In 2002, the department initiated a new Forest Enhancement Program which emphasizes:

- technical forest management advice for land owners;
- incentives for the enhancement of wildlife, recreation, and biodiversity, as well as timber values;
- cost sharing with the land owner; and
- private sector delivery to owners.

The program began operation in the fall of 2002 and, by the end of the reporting year, 80 forest management plans had been prepared by private sector consultants. Once these plans are approved, land owners can begin to access funding for a variety of silvicultural treatments such as pre-commercial thinning, riparian zones enhancement, and crop tree selection.

Forest Renewal Program

The Forest Renewal Program provides technical advice and financial assistance to land owners who want to reforest lands with commercial species. In 2002, some 2,187,200 seedlings were shipped to planting sites on private lands across the province.

Maintenance was completed on 586 hectares of previously established private land plantations. As well, client uptake continued to be good for the pruning and plantation cleaning incentives. Both of these treatments will help to improve the growth and quality of timber and sawlogs.

Model Forest Initiatives

The department became an active participant in the newly established Model Forest project. Incorporated as the Island Sustainable Forestry Partnership Coop Ltd., the organization has 15 partners. In 2002, the co-op was able to secure $75,000 from the Canadian Forestry Service for the development and implementation of a work plan. Several projects were approved such as the development of a series of wildlife enhancement sheets and a riparian zone project.

The department participated as an active partner and as a funding partner. A staff member was provided on a cost-shared part-time basis to serve as a project coordinator.

Woodland Stewards Cooperative

In 2002, the division seconded a full-time forest technician to the newly formed Woodland Stewards Cooperative to enable the group to have forest management plans prepared for co-op members and then to oversee management and harvest work on those lands. This new venture is open to any Island woodlot owner and is organized and operated by a group of land owners who see the benefits of joining together to manage their forest, supervise harvest operations and provide educational opportunities for participating land owners.

Woodlot Owner Education

Private land staff continued to participate in a variety of forest education opportunities for Island woodlot owners and school students. In this fiscal year, staff participated in several tours and workshops organized by land owner groups. These events were designed to increase land owner awareness of forest management and reforestation techniques and how they could apply this information to their own land. Private Land program staff also provided woodlot tours to school groups.

The second publication in the Woodland Notes series was released to land owners and the public. Harvest Choices for Island Woodlots focused on three basic forest harvest and management options and how each can be applied in a typical Island woodlot.

Provincial Forests Program

Provincial Forest staff continued to demonstrate sustainable forest management on the 18,900 hectares of land managed by the program. The Provincial Forest system was created in 2000 to enable the province to enhance the economic and operational efficiencies obtained with the management of larger forest blocks while ensuring that these forests are managed to ensure sustainable wood supply, wildlife conservation,

biodiversity, recreation opportunities, training facilities, job creation, forest education, and other societal needs.

The Provincial Forest program coordinates the tree planting program for private and public lands in the three districts. In 2002, 263,200 tree seedlings were planted on 102 ha of the Provincial Forests. Chemical plantation maintenance under a tendered contract to the private sector was conducted on 43.5 ha after field assessments indicated that manual maintenance would be inadequate to control competing vegetation. As well, 3.4 kilometers of new forest access roads and a bridge were constructed, while 0.3 km of roads were maintained or upgraded. Assistance was provided to several schools on the development and planting of seedlings on the school property. In addition, planting sites were prepared on the Provincial Forest and technical support was provided for the Scouts' Canada Trees for Canada program and the Batesville Memorial Plantings.

Under the supervision of Provincial Forests staff, seasonal forest workers thinned 10.3 hectares of softwood while 90 ha of mature and over-mature timber were tendered and harvested by local sawmills. Along with sales of harvested wood, this brought in revenues of $289,000 in 2002/03. This revenue was reinvested into the management and care of Provincial Forest lands.

The green diamond-shaped Provincial Forest identification signs were erected where forest roads join the public highway system on properties across the Island. These signs were designed to inform Islanders about the location and management of this public resource, and to encourage Islanders to visit and use these properties for outdoor recreation. Signage on the Demonstration Woodlot trail system was upgraded and replaced and staff assisted and coordinated tours with school and community groups, the Public Forest Council, and other groups.

The third annual Provincial Forest Fall Frolic was held on the New Harmony Demonstration Woodlot in October 2002. Some 87 participants came to walk the 4.5 kilometer trail or run the 13.2 km trails and enjoy the natural beauty of the Provincial Forest in fall. Participants raised $685 for MacIntyre House in Souris.

Several very successful chainsaw safety and maintenance courses were offered across Prince Edward Island in March 2003. As well, a balsam fir tipping tender was conducted on Provincial Forest lands in eastern Prince Edward Island to enhance the production of Christmas wreathes for export markets and a forestry intern from Europe was hosted to work on hardwood management and multiple use forestry information development.

General Fire Situation and Statistics

The 2002 fire season was marked by serious fires in Lorne Valley, Webster's Corner, St Felix, and Dover in late May. For the second time in the Island's history, helicopter water bombers were required to support fire suppression efforts to protect homes and businesses in the area. The helicopter crew dropped 34,000 litres of water in just under four hours on the Dover fire and was a real asset to division fire fighters, the volunteer fire departments, and other agencies.

Over the season, there were 29 forest fires which burned 132 hectares.

Summary of Forest Fire Statistics

Fires			Hectares		
Full	Modified	Total	Full	Modified	Total
29	0	29	132.3	0	132.3

Costs			Values Lost			
Pre-Suppression	Suppression	Total	Forest Res.	Interface	Improvement	Total
$ 140,000	$97,000	$237,000	$10,000	0	0	$10,000

Fire Prevention Activities

The forest fire weather index components are calculated by the department from the meteorological data collected at three sites using REMS software. It is programmed to automatically fax or E-mail the forest fire weather index code to cooperating agencies. The numerical rating for fine fuel moisture content, duff moisture code, drought code, initial spread index, buildup index, and the fire weather index which are indicators of fire behavior was then conveyed to the district offices, headquarters, and cooperating agencies for posting.

The wildfire danger rating was provided to the local radio stations, Meteo Media, ATV, MITV, newspapers, and other departments through Island Information Services and made available during the fire season via telephone or the internet: www.gov.pe.ca/

Meetings were held with fire departments across the Island to discuss fire prevention and suppression needs.

Training

Fire preparedness workshops were held at the district offices. Training courses were provided to local fire brigades, department silviculture crews, and students from the Holland College Renewable Resources Management program.

Public Forest Council

The Public Forest Council was created in 2001 to:

- Stimulate public discussion on the wealth potential of the Island's 33,200 hectares of public forest land, primarily in the areas of non-consumptive and non-traditional uses.
- Consult with community organizations, community development groups, and private sector entrepreneurs with respect to forest wealth creation opportunities on provincially owned forest lands.
- Review and evaluate proposals for non-consumptive and non-traditional uses.
- Solicit proposals and recommend the allocation of standing round wood forest products from Provincial Forests.
- Review the results of public consultations on public forest land management and provide comments to the minister in this respect.

Council membership is composed of six private sector representatives, two Forestry and Resource Land Modeling Division staff members, and one staff member from the Department of Fisheries, Aquaculture and Environment. The council's representation includes broad-based expertise relevant to the forest resource and the types of proposals which would likely be brought forward. Forest biology, business economics, community development expertise, forest management, and/or tourism industry expertise are also skill sets sought on the council.

In April 2002, the council held a well-attended public meeting in Kensington to increase awareness of the potential of public forest lands and to obtain public input into the development of non-timber products from these lands. One of the ideas arising from this meeting was to establish a public forest in the area. Council agreed with and promoted this idea. A number of forested properties in the Kensington area were evaluated, and purchase agreements were negotiated and signed for two of these properties.

In addition, the Provincial Forestry Council evaluated ground hemlock harvesting criteria for public forests and, after establishing evaluation criteria, called for expressions of interest for harvesting. The first contracts were awarded through the Provincial Forest section. The council also initiated discussions on the concept of a Forest Learning Centre. This concept was further developed through a joint funding agreement with the Model Forest program and the department which enabled the council to hire a researcher to consult with a wide range of forest stakeholders and interest groups.

Forest Policy

Harvest Trends

Although the shipment of softwood pulpwood was down in 2002 from 2001, overall, the annual survey of markets revealed that the total softwood harvest was up about 10 percent. The 2002 delivered value of all products was also up by almost 16 percent over the previous year.

However, forest inventory information is projecting a significant shortfall of commercial softwood in the next few decades, regardless of silvicultural inputs. This decline resulted from a combination of the harvest of commercial softwood stands, natural mortality of old field white spruce stands, conversion of forests to other uses, and the harvest of immature softwood stands.

Prince Edward Island now imports softwood studwood for manufacture in the province. An estimated 11.7 percent of the 2002 softwood lumber products came from imports.

Canada/United States Softwood Lumber Dispute

On March 22, 2002, the United States Department of Commerce issued its final decision in the ongoing Countervailing Duty (CVD) and Anti-dumping (AD) investigations. While the Island's softwood lumber industry was exempted from the CVD, the United States Department of Commerce did impose an 8.37 percent Anti-Dumping duty on softwood lumber from Atlantic Canada going to the United States. The province worked with the Maritime Lumber Bureau to ensure the region maintained its exemption to the Countervail.

Canada is pursuing several options through the World Trade Organization, by contending that the United States actions were not in compliance with United States and international trade law. The process to reach a decision is expected to take at least two or more years.

Forest Information Program

The Forest Information program coordinates general awareness and youth education programs related to Island forests, and provides communications support and planning services to the director, managers and various division programs.

Six forestry segments were developed for the Island Focus cable-access television show, while 52 radio segments were competed for Agriculture Today. A forestry newspaper insert was prepared and released to promote the multiple benefits of Island forests.

In 2002, Forest Information program, in cooperation with the Provincial Forest program, developed and hosted Prince Edward Island's second ENVIROTHON. ENVIROTHON is a voluntary science education program for senior high school students which emphasizes basic science skills in forestry, soils, aquatics and wildlife. Teams from Charlottetown Rural High School and Bluefield High School worked on the 2002 theme of Introduced Species and their Effect on Biodiversity. Bluefield High School won the right to represent the Island at the international ENVIROTHON in Massachusetts in July 2002.

The department worked with Canadian Woodlands Forum, and other forest sector partners from across the region, to develop the 2002 Atlantic Teachers Tour program and sponsor two Island school teachers. The teachers spent three days visiting forest sites in Nova Scotia learning more about the science used to manage Maritime forests, exploring the economic role of the forest industry, and examining the range of the employment opportunities their students could find in the forest sector.

Resource Inventory and Modeling

Photo interpretation for the Corporate Land Use Inventory and the State of the Forest Report was completed in 2002/03. The project has combined the specifications from the 1990/92 forest inventory with the 1993 wetland inventory and added all the other land and water inside the province. Agricultural crops and field boundaries were captured, and developed areas were described as to use and cover.

Some 804 field plots were established on a sampling grid across the province. At each plot, trees, shrubs, regeneration, herbaceous vegetation, wildlife use, and soils were examined and the details recorded. The plot methodology follows the new National Forest Inventory (NFI) standards.

Corporate Land Use Inventory

Work continued on the Corporate Land Use Inventory. The inventory records land use for every property on Prince Edward Island in data layers. Work was initiated on the development of an internet-based tool that will allow landowners, community planners, policy makers, emergency planners, and others to acquire this land use information for their lands or more generic community information for planning. In addition, Resource Inventory and Modeling staff conducted many special projects to support sustainable resource policy initiatives and the development of the State of the Forest Report.

1990-2000 State of the Forest Report

The 1990-2000 State of the Forest Report was completed in March of 2002 and was received by the minister who will release it in the 2003 spring sitting of the legislature.

This is the Island's second State of the Forest Report. It captures a picture in time of forest conditions and updates and builds additional layers of information on the 1990 and 1980 forest inventories.

The report indicates that the Island has lost six percent of its forests over the 1990-2000 period due to forest conversions to agriculture and development. As well, due to high harvest rates, the commercial softwood resource has been reduced to the level where the Island's softwood-dependent industry will experience significant shortfalls over the next few decades. Modeling of various forest management options including expanded reforestation and thinning has indicated that this shortfall cannot be alleviated. The information from the public forest perspective is better with these lands being managed sustainably.

Nearly 90 percent of the Island's forest resource is owned and controlled by some 12,000 woodlot owners. This means that their attitudes and goals for their woodlands have a major impact on the forest as a whole. The University of New Brunswick, in cooperation with the Canadian Forest Service and the Department of Agriculture and Forestry, surveyed some 2200 Island woodlot owners to determine their feelings on why they own forest land and how and why they make forest harvest and management decisions. Approximately 60 percent of the surveys were returned. A summary of the survey results was outlined in the Woodlot Owners of Prince Edward Island: A survey of their forest use, management, and values was incorporated into the State of the Forest Report.

Growth and Yield, PSPs

Staff conducted a Year-15 Plantation Assessment study by examining 124 plots in white pine, red pine, white spruce, black spruce, and larch plantations. The study sought to create a snapshot of the health and productivity of typical plantations by collecting data on stem diameters, tree form, dominance, insects and disease, defects, and natural regeneration and vegetative biodiversity.

Seedling Production

J. Frank Gaudet Tree Nursery

The J. Frank Gaudet Tree Nursery produces quality tree seedlings for reforestation projects and wholesales ornamental trees and shrubs to the retail landscape trade. In 2002, some 2.7 million seedlings, representing 13 softwood species and 10 hardwood species were planted on cut overs, riparian zones, hedgerows, and special areas across the province.

Staff from the nursery offer tours to interested groups and individuals to show them Prince Edward Island's largest seedling production facility. In 2002, 488 people toured the J. Frank Gaudet Tree Nursery facility. The nursery also offered advice and assistance on insect and disease problems for ornamental plants, trees and shrubs, as well as advice on landscape problems to thousands of property owners. Staff provided insects and disease analysis for 436 samples and made 40 site visits with landscapers and Island communities to provide detailed information on landscaping and plant health issues.

Nursery staff delivered a 60-hour ornamental horticulture course for golf courses through the Atlantic Tourism and Hospitality Institute. This course will help golf course developers and staff establish and maintain plant materials which enhance and promote the value of golf courses.

On June 5, 2002, some 200 people toured the Environment Week Open House at the J. Frank Gaudet Tree Nursery to see displays on public and private forests, riparian zone management, environmentally friendly agricultural practices, horticulture, farm safety and many other matters related to natural resources.

Nursery staff also worked with federal and provincial agriculture partners on an agro-forestry initiative.

Tree Improvement

Two yellow poplar (Liriodendron tulipifera) tests were established at Dover by the department and the Canadian Forest Service to determine how this species will grow and develop under Island conditions. Four survival tests for red oak, yellow birch, white birch, and white ash seedlings planted in late summer were established on a Provincial Forest site in Brockton.

Hardwood fill plantings were conducted on five properties, while hardwood survival checks were completed on properties in Watervale, Camp Tamawaby and Valleyfield.

Improved seed was collected from the Dover Orchard for the production of high quality seedlings at the J. Frank Gaudet Tree Nursery. As well, 366 new grafts were completed on white pine, white spruce, red spruce, larch, and balsam fir, while 379 grafts were planted in Dover, Beach Grove, Upton Road and Southampton.